

COUNTY OF DICKINSON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE G – LONG-TERM DEBT (continued)

Governmental Activities:

In 2003 the County issued bonds in the amount of \$500,000 for improvements to the County Correctional Facility. The interest rate ranges from 1.5% to 2.55% with an ending maturity date of 5/1/08. Annual principal payments are due each May 1st and semi-annual interest payments are due each May 1st and November 1st.

In 2004 the County issued bonds in the amount of \$157,000 for improvements at the County fair grounds. The interest rate ranges from 3.9% to 4.55% with an ending maturity date of 11/1/14. Annual principal and interest payments are due each November 1st.

Compensated Absences

Vacation Benefit Policies – The County's employment policies provide for the accumulation of vacation benefits to be earned in varying amounts depending on an employee's years of service. The annual vacation benefits earned by each employee are credited on his or her employment anniversary date.

Sick Leave Benefit Policies – General County employees, union and nonunion, earn one day of sick leave per month. Sheriff Department employees earn sick leave upon hire at one day per month. After accumulation of 100 days, the employee is paid annually 25 percent of their accumulated leave in excess of 100 days in January the following year.

See Note K for information regarding post-employment benefits.

COUNTY OF DICKINSON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE G – LONG-TERM DEBT (continued)

Road Commission

The following is a summary of changes in long-term debt for the year ended December 31, 2006:

Type of Debt	Balance 1/1/2006	Additions	Deductions	Balance 12/31/2006	Amounts Due Within One Year
Equipment Lease-Purchase Agreements:					
Caterpillar Financial Services:					
September 2002 lease	\$ 25,326	\$ -	\$ 14,967	\$ 10,359	\$ 10,359
September 2002 lease	67,274	-	37,793	29,481	29,481
September 2002 lease	77,697	-	43,649	34,048	34,048
November 2003 lease	124,769	-	42,433	82,336	44,162
Deere Credit Services:					
May 2002 lease	40,345	-	30,018	10,327	10,327
Daimler-Chrysler North America LLC:					
May 2003 lease	68,962	-	28,765	40,197	29,944
June 2003 lease	81,915	-	32,934	48,981	34,284
First National Bank of Norway					
February 2004 - lease	9,811	-	8,377	1,434	1,434
February 2004 - lease	11,596	-	10,684	912	912
Canon Financial					
February 2005 - lease	7,177	-	1,025	6,152	1,174
GMAC					
September 2006 lease	-	25,511	1,564	23,947	4,418
Michigan Transportation Fund Note	120,000	-	120,000	-	-
Vested employee benefits	328,028	8,973	-	337,001	-
Total	\$ 962,900	\$ 34,484	\$ 372,209	\$ 625,175	\$ 200,543

Debt service requirements on long-term debt at December 31, 2006 are as follows:

For the Year Ending December 30,	Lease-Purchase Agreements	
	Principal	Interest
2007	\$ 200,543	\$ 9,213
2008	69,250	2,978
2009	6,714	1,385
2010	7,684	581
2011	3,983	119
Total	\$ 288,174	\$ 14,276

COUNTY OF DICKINSON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE G – LONG-TERM DEBT (continued)

Equipment Lease-Purchase and Loan Agreements

Caterpillar Leasing

1. September 2002 lease-purchase for a caterpillar D3 dozer. The lease has an original principal amount of \$70,269 and calls for 60 monthly installments of \$1,317 at 4.5% interest, is secured by the equipment and matures in 2007.
2. September 2002 lease-purchase for a caterpillar D6 dozer. The lease has an original principal amount of \$179,009 and calls for 60 monthly installments of \$3,337 at 4.5% interest, is secured by the equipment and matures in 2007.
3. September 2002 lease-purchase for a caterpillar 143H motor grader. The lease has an original principal amount of \$206,746 and calls for 60 monthly installments of \$3,854 at 4.5% interest, is secured by the equipment and matures in 2007.
4. November 2003 lease-purchase for a caterpillar 972G wheel loader. The lease has an original principal amount of \$211,800 and calls for 60 monthly installments of \$3,888 at 3.86% interest, is secured by the equipment and matures in 2008.

Deere Credit Leasing

1. May 2002 lease-purchase for a John Deere 772H motor grader. The lease has an original principal amount of \$139,000 and calls for 60 monthly installments of \$2,607 at 4.75% interest, is secured by the equipment and matures in 2007.

Daimler-Chrysler Services

1. May 2003 lease-purchase for a quad axle dump truck. The lease has an original principal amount of \$140,723 and calls for 60 monthly installments of \$2,584 at 4.02% interest, is secured by equipment and matures in 2008.
2. May 2003 lease-purchase for a quad axle dump truck. The lease has an original principal amount of \$161,658 and calls for 60 monthly installments of \$2,969 at 4.02% interest, is secured by the equipment and matures in 2008.

First National Bank of Norway

1. February 2004 lease-purchase of Chevrolet Silverado ¾ ton truck. The lease has an original principal amount of \$24,214 and calls for 36 monthly installments of \$721 at 4.5% interest, secured by the equipment.
2. February 2004 lease-purchase of a Chevrolet Tahoe. The lease has an original principal amount of \$30,761 and calls for 36 monthly installments of \$916 at 4.5% interest, secured by the equipment.

COUNTY OF DICKINSON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE G – LONG-TERM DEBT (continued)

Canon Financial

1. February 2005 lease-purchase of a copy machine. The lease has an original principal amount of \$8,000 and calls for 60 monthly installments of \$147 at 4.02% interest, secured by the equipment.

GMAC

1. September 2006 lease-purchase of a 2007 Silverado. The lease has an original principal amount of \$25,510 and calls for 60 monthly installments of \$513 at 7.9% interest, secured by equipment.

Michigan Transportation Fund Notes Payable Series 2001

During 2001, Dickinson County Road Commission entered into Act 143 Michigan Transportation Fund Revenue notes payable for the purpose of constructing a garage in the amount of \$600,000 with interest ranging from 3.8% to 5.125%. The note calls for annual principal payments of \$120,000 plus accrued interest and the note matured in 2006.

Vested Employee Vacation Benefits

Vacation benefits are earned monthly at various rates based on length of service. Each hourly (union) employee may accumulate a maximum of 240 hours of vacation time. Any authorized accumulation over the maximum 240 hours will be paid to an employee as a lump sum.

Employee Sick Leave Benefits

Each hourly (union) employee will be granted sick leave at the rate of 8 hours for each month of employment and shall be able to accumulate sick leave to a maximum 600 hours. Salaried employees may earn sick leave with no accumulation limit.

Accumulated sick leave benefits are paid in accordance with the following provisions:

1. Voluntary termination – Salaried employees will be paid 50% of their accumulated sick leave, hourly (union) employees will not be entitled to any payment for unused sick days.
2. Retirement or death – For those hired prior to January 1, 1995, salaried and hourly (union) employees will be paid 100% of their accumulated sick leave, not to exceed 600 hours upon retirement, or in the case of death to the employees beneficiary. For employees hired after January 1, 1995, they will be paid 100% of their accumulated sick leave, not to exceed 400 hours upon retirement, or in the case of death to the employee's beneficiary.

COUNTY OF DICKINSON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE G – LONG-TERM DEBT (continued)

Dickinson County Healthcare System

The following is a summary of changes in long-term debt for the year ended December 31, 2006:

Type of Debt	Balance 1/1/2006	Additions	Deductions	Balance 12/31/2006	Amounts Due Within One Year
Hospital revenue bonds, series 2004	\$ 4,873,820	\$ -	\$ 101,070	\$ 4,772,750	\$ 106,941
Hospital revenue and refunding bonds, series 1999	30,595,000	-	925,000	29,670,000	975,000
Original issue discount	(235,551)	-	(20,429)	(215,122)	-
Equipment note payable	1,085,992	-	188,365	897,627	199,983
Unamortized loss on defeasance of series 1994 bonds	(2,720,505)	-	(235,947)	(2,484,558)	-
Total	<u>\$ 33,598,756</u>	<u>\$ -</u>	<u>\$ 958,059</u>	<u>\$ 32,640,697</u>	<u>\$ 1,281,924</u>

The terms and due dates of the Healthcare System's long-term debt, including capital lease obligations, at December 31, 2005 are as follows:

- 5.66% Dickinson County Healthcare System, County of Dickinson, State of Michigan, Hospital Revenue Bonds, Series 2004 (Series 2004 Bonds) – due in monthly installments of \$31,194 including interest, to August 2029, secured by certain equipment. (1)
- 5.25% to 5.80% Dickinson County Healthcare System, County of Dickinson, State of Michigan, Hospital Revenue and Refunding Bonds, Series 1999 (Series 1999 Bonds) – due in varying annual installments to November 2024, secured by a pledge of net revenues, investment income, and bond funds held under the indenture agreement. (1)
- Original Issue Discount – Associated with the Series 1999 Bonds issuance.
- Equipment Note Payable – Megavoltage Radiation Therapy (MRT) equipment – During 2000 the Healthcare System entered into a 6%, 10-year note payable with Marquette General Hospital (an unrelated organization) for the purchase of MRT equipment. The note payable is due in monthly installments of \$20,700 to January 2011, and is secured by the MRT equipment.
- Unamortized Loss on Defeasance of Series 1994 Bonds – During 1999, the Healthcare System defeased the Series 1994 Revenue Bonds by issuing the Series 1999 bonds. A portion of the Series 1999 bond proceeds totaling \$32,810,599 was placed in an irrevocable trust to provide for all future debt service payments on the 1994 bonds. Accordingly, the trust accounts' assets and liabilities for the defeased bonds are not included in these financial statements. The resulting loss on defeasance of approximately \$4,480,000 is being amortized using the straight-line method, over the life of the Series 1999 bonds.

COUNTY OF DICKINSON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE G – LONG-TERM DEBT (continued)

(1)The Series 2004 bonds and Series 1999 bonds loan agreements place limits on the incurrence of additional borrowings and requires the Healthcare System satisfy certain measures of financial performance. The Series 1999 bonds loan agreement also requires the Healthcare System maintain certain deposits with a trustee. Such deposits are shown as restricted for this purpose in the statement of net assets.

Debt service requirements on long-term debt at December 31, 2006 are as follows:

For the Year Ending December 30,	Long-Term Debt		Total
	Principal	Interest	
2007	\$ 1,281,924	\$ 2,003,889	\$ 3,285,813
2008	1,355,471	1,931,717	3,287,188
2009	1,475,139	1,855,399	3,330,538
2010	1,540,998	1,772,391	3,313,389
2011	1,379,638	1,691,425	3,071,063
2012-2016	8,101,452	7,225,319	15,326,771
2017-2021	10,686,273	4,639,534	15,325,807
2022-2026	8,600,853	1,321,669	9,922,522
2027-2029	918,629	72,742	991,371
	35,340,377	<u>\$ 22,514,085</u>	<u>\$ 57,854,462</u>
Less unamortized bond discount	(215,122)		
Less unamortized loss on defeasance	<u>(2,484,558)</u>		
Total	<u>\$ 32,640,697</u>		

COUNTY OF DICKINSON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE H – OPERATING LEASES – DICKINSON COUNTY HEALTHCARE SYSTEM

The Healthcare System leases certain medical and other equipment and office space under operating leases having terms of more than one year. Total operating lease expense for the year ended December 31, 2006 for all leases was \$433,979. Minimum future lease payments for these operating leases are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2007	\$ 239,146
2008	97,789
2009	83,052
2010	75,861
Total minimum lease payments	<u>\$ 495,848</u>

NOTE I - OPERATING TRANSFERS IN AND OUT

Transfers between governmental and proprietary funds are primarily made for operating appropriations and are summarized as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General Fund	\$ 616,476	\$ 2,178,153
Revenue Sharing Reserve	-	492,180
County Parks	114,578	-
Community Service	89,939	-
Friend of Court	65,000	-
Separation Pay	390	-
Public Improvement	33,820	-
County Fair	15,223	21,816
ROD Automation	-	1,600
Civil Defense	44,922	-
Enhanced 911	154,174	-
Law Library	18,500	-
Veterans Tax	69,400	-
Child Care	325,000	-
County Airport	120,500	18,820
Alcohol Assessment	8,033	-
County Fair Debt	21,816	-
Correction Complex Debt	202,494	-
Fontana Terminal Trust	-	15,000
County Library	387	-
Library Trust	-	387
Enterprise Funds:		
Tax Revolving	<u>950,000</u>	<u>122,696</u>
Total	<u>\$ 2,850,652</u>	<u>\$ 2,850,652</u>

COUNTY OF DICKINSON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE J - RETIREMENT PLANS

General County

Plan Description - The General County, County Library and the County Road Commission (discretely presented component unit) participate in a defined benefit retirement plan. All plan types are administered by the Municipal Employee's Retirement System (MERS). All plans cover substantially all full-time employees. MERS is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for Michigan municipal employees.

The Municipal Employees Retirement System of Michigan (MERS) is a multiple-employer statewide public employee retirement plan created by the State of Michigan to provide retirement, survivor and disability benefits, on a voluntary basis to the State's local government employees in the most efficient and effective manner possible. As such, MERS is a non-profit entity qualified under section 401(a) of the Internal Revenue Code, which has the responsibility of administering the law in accordance with the expressed intent of the Legislature and bears a fiduciary obligation to the State of Michigan, the taxpayers and the public employees who are its beneficiaries.

The passage of HB-5525/Act No. 220, with enactment on May 28, 1996 allowed the members of MERS to vote on and determine if MERS should become an independent public corporation. The vote resulted in approval to become independent of State control and MERS began to operate as an independent public corporation effective August 15, 1996. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. A copy of the report may be obtained by writing to MERS at 447 N. Canal Road, Lansing, MI 48917.

General County Retirement Plan – There are seven valuation divisions within the plan. The and Library division has adopted benefit B-3 and the AFSCME, Sheriff, General Nonunion, UP Labor Union, Sheriff Corrections and Communication Officers have adopted benefit B-4. Under benefit B-3 employees shall receive 2.25% of their five-year final average compensation. Benefit B-4 provides for employees to receive 2.5% of their final three year final average compensation, depending on the benefit adopted, with a maximum benefit of 80% of the final average compensation. Retirement eligibility and requirements vary by department. Employees are required to contribute and the percent of contribution on covered payroll varies by division. The most recent actuarial report gives the details of the plan and a copy is on file in the County Controllers office.

Actuarial Accrued Liability - The actuarial accrued liability was determined as part of an actuarial valuation of the plan as of December 31, 2005. Significant actuarial assumptions used in determining the actuarial accrued liability include (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 8.40% per year, depending on age, attributable to seniority/merit.

COUNTY OF DICKINSON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE J – RETIREMENT PLANS (continued)

All entries are based on the actuarial methods and assumptions that were used in the December 31, 2005 actuarial valuation to determine the annual employer contribution amounts. The entry age normal actuarial method was used to determine the entries at disclosure.

GASB 25 INFORMATION (as of 12/31/05)

Actuarial Accrued Liability:	
Retirees and beneficiaries currently receiving benefits	\$ 8,909,072
Terminated employees not yet receiving benefits	973,712
Non-vested terminated employees (pending refunds of accumulated member contributions)	25,779
Current Employees:	
Accumulated employee contributions including allocated investment income	693,978
Employer financed	7,193,496
Total actuarial accrued liability	17,796,037
Net assets available for benefits, at actuarial value (market value is \$13,487,146)	13,852,163
Unfunded (overfunded) actuarial accrued liability	\$ 3,943,874

GASB 27 INFORMATION (as of 12/31/05)

Fiscal year beginning	January 1, 2007
Annual required contribution (ARC)	\$ 470,484
Amortization factor used - underfunded liabilities (30 years)	0.053632

Contributions Required and Contributions Made - MERS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the fiscal year ended December 31, 2005 were determined using the entry age normal cost actuarial funding method. Unfunded actuarial accrued liabilities, if any, were amortized as a level percent of payroll over a period of 30 years. The following table provides a schedule of contribution amounts and percentages for recent years.

Annual Pension Cost Year Ended December 31,	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
2003	\$ 345,357	100%	-
2004	388,666	100%	-
2005	397,431	100%	-

COUNTY OF DICKINSON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE J - RETIREMENT PLANS (continued)

The General County was required to contribute \$448,634 for the year ended December 31, 2006, with employee contributions totaling \$178,682. Payments were based on contribution calculations made by MERS.

The County was required to contribute at an actuarially determined rate, which is a percentage of covered payroll as listed below:

Valuation Division	Contribution Percentage				
	2007 *	2006 *	2005 *	2004 *	2003 *
AFSCME	13.23%	13.81%	14.76%	11.88%	11.71%
Sheriff	11.77%	12.53%	12.43%	8.98%	8.20%
Library	13.81%	13.15%	14.86%	14.74%	13.05%
General Nonunion	17.46%	17.28%	15.13%	11.48%	10.29%
Sheriff Corrections	7.85%	9.47%	9.92%	@	@
UP Labor Union	14.55%	14.25%	@	@	@
Communication Officers	47.72%	66.18%	@	@	@

* Represents the actuarial required contribution for the fiscal year ended.

@ Valuation division did not exist in this fiscal year.

Employee required contributions were as follows:

Valuation Division	Contribution Percentage			
	2007 *	2006 *	2005 *	2004 *
AFSCME	5.00%	2.00%	2.00%	2.00%
Sheriff	6.18%	5.18%	5.18%	2.00%
Library	2.00%	2.00%	2.00%	2.00%
General Nonunion	6.55%	5.55%	5.55%	2.00%
Sheriff Corrections	5.06%	4.06%	4.06%	@
UP Labor Union	6.15%	5.15%	@	@
Communication Officers	6.80%	6.80%	@	@

* Represents the actuarial required contribution for the fiscal year ended.

@ Valuation division did not exist in this fiscal year.

Aggregate Accrued Liabilities - Comparative Schedule

Actuarial Valuation Date December 31,	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
2003	\$ 12,112,947	\$ 15,013,097	\$ 2,900,150	81%	\$ 3,411,941	85%
2004	13,114,856	16,694,664	3,579,808	79%	3,140,182	114%
2005	13,852,163	17,796,037	3,943,874	78%	3,105,413	127%

COUNTY OF DICKINSON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE J - RETIREMENT PLANS (continued)

For actuarial valuation purposes, the actuarial value of assets is determined on the basis of a calculation method that assumes the fund earns the expected rate of return (8%), and includes an adjustment to reflect market value.

Actuarial assumptions for MERS valuations were revised for the 1993, 1997, 2000 and 2004 valuations. The funding method was changed to entry age normal for the 1993 valuation.

County Road Commission

Road Commission Retirement Plan - The Dickinson County Road Commission is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, non-duty connected death and post retirement adjustments to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by the sum of 2.25% times final average compensation.

Funding Policy - Members of the employee's group do not contribute any annual compensation. One member of the Road Commissioner's group contributes 3% of the first \$4,200 and 5% of his annual compensation in excess of \$4,200. The obligation to contribute to and maintain the system for these employees was established by negotiation with the Road Commission's competitive bargaining unit and personnel policy. The Road Commission is required to contribute at an actuarially determined rate; the rate for the year ended December 31, 2005 was 13.68% and 0.00% of covered payroll for the General-Other and General-Road Commission Groups.

Contributions Required and Contributions Made - MERS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the fiscal year ended December 31, 2005 were determined using an attained age actuarial funding method. Unfunded actuarial accrued liabilities, if any, were amortized as a level percent of payroll over a period of 30 years. The following table provides a schedule of contribution amounts and percentages for recent years.

Annual Pension Cost Year Ended December 31,	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
2003	\$ 168,652	100%	-
2004	170,605	100%	-
2005	180,520	100%	-

COUNTY OF DICKINSON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE J - RETIREMENT PLANS (continued)

Aggregate Accrued Liabilities - Comparative Schedule

Valuation Date December 31,	Actuarial Value of Assets	Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
2003	5,164,685	6,550,361	1,385,676	79%	1,317,501	105%
2004	5,320,699	6,955,360	1,634,661	76%	1,341,558	122%
2005	5,457,432	7,194,893	1,737,461	76%	1,290,809	135%

Dickinson County Healthcare System

The Healthcare System is the administrator of a single-employer defined benefit noncontributory pension plan (Plan) covering substantially all of its employees who have met the Plan's eligibility requirements. The Plan was established in 1965 and most recently amended January 1, 2004. The most recent actuarial valuation was made as of January 1, 2007. Based on actuarial information, the Healthcare System's estimated payroll for employees covered by the plan for the years ended December 31, 2006 and 2005 was \$28,334,000 and \$27,447,000. The Healthcare System's total actual payroll for the years ended December 31, 2006 and 2005 was approximately \$31,039,000 and \$29,118,000.

Current membership in the Plan consists of the following at December 31:

	2006	2005
Retirees and beneficiaries currently receiving benefits	183	177
Vested terminated members	132	132
Active and inactive employees:		
Fully vested	523	511
Nonvested	162	153
Total	1,000	973

All employees of the Healthcare System are eligible to participate in the Plan following the completion of at least one year of service and a minimum of 1,000 hours. Benefits vest after five years of service and minimum of 1,000 hours per year.

COUNTY OF DICKINSON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE J - RETIREMENT PLANS (continued)

Normal retirement age is 65 with the completion of five or more years of service. Normal retirement pays a monthly pension for life, equal to 1.25% of average monthly compensation per year of credited service plus 0.65% of average monthly compensation in excess of covered compensation per year of service up to maximum of 35 years, with a \$50 minimum. Employees may elect an early retirement on or after age 60 which pays a monthly pension for life computed in the same manner as a normal retirement pension, but based on service and earnings to date of retirement, and actuarially reduced to reflect the early commencement date.

Active employees with 15 or more years of service and who have attained age 50, who become disabled are eligible for a disability pension, provided they qualify for Social Security disability. A disability pension is computed in the same manner as a normal retirement pension, but based on service and earnings to the date of disability.

If a vested employee dies, a death benefit is paid to the surviving spouse. Fifty percent of the deceased employee's benefit accrued to the date of death, is paid immediately or at the date the employee would have been age 60, whichever is later.

Funding Policy – The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The required contributions for the years ended December 31, 2006 and 2005 were 5.58% and 5.24%, of annual covered payroll.

Annual Pension Cost – For 2006, 2005, 2004, 2003, and 2002, the Healthcare System's annual pension cost was equal to the Healthcare System's required and actual contributions. The required contribution was determined as part of the January 1, 2006, 2005, 2004, 2003, and 2002, actuarial valuations using the projected unit credit cost actuarial funding method. The actuarial assumptions for fiscal 2006 included (a) 8.5% investment rate of return and (b) salary increases including merit and seniority increases ranging from 0.16% to 3.84% per year, plus wage inflation of 5.0%. The assumptions regarding benefits are that no changes will occur on a post-retirement basis.

The Healthcare System's annual pension cost, and required and actual contributions for the years ended December 31, 2006, 2005, 2004, 2003, and 2002 were approximately \$1,582,000 \$1,437,000, \$1,267,000, \$1,048,000 and \$873,000. The net pension obligation for the years ended December 31, 2006, 2005, 2004, 2003, and 2002 was zero.

A separately issued financial report of the Dickinson County Healthcare System Retirement Plan is available which includes financial statements and required supplementary information for the Plan.

COUNTY OF DICKINSON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE K – POST-EMPLOYMENT BENEFITS

County

The County provides certain post-employment health benefits per contractual agreement. Upon retirement, and if the employee qualifies for retirement benefits under MERS the County pays the same percentage of hospitalization premiums for retirees as paid for the retiree at the time of retirement, but only for employees hired prior to January 1, 1996. The benefit covers the employee and their dependents until the employee's death, after the employee's death the surviving spouse must pay for the benefit. The County does not pay anything for retiree's health insurance coverage for employees hired after January 1, 1996 but such employees may "self-pay" for continued coverage after the date of their retirement. For the year ended December 31, 2006 the County has not performed an actuarial valuation for the post-employment health benefits and it is the County's policy to fund this benefit on a pay-as-you-go basis. The following is a summary of the post-employment health benefits:

For the year ended December 31,	Annual Cost	Number of Retirees Receiving Benefis
2004	\$ 225,146	27
2005	328,883	29
2006	388,720	29

The Dickinson County Library has recorded a liability of \$556,386 for post-employment health benefits to reflect the present value of the monthly health insurance benefits for seven currently retired employees and six active employees whose contracts include post-retirement health coverage. This liability was calculated using current insurance costs, an interest rate of 6.085%, and actuarially determined life expectancy tables. County Library employees have the same benefits as general county employees as noted above. The total current year expense incurred for payment of post-retiree's health insurance for County Library employee's amounted to \$32,135 in 2006.

County Road Commission

Health Care Insurance Benefits

In addition to the pension benefits described in Note J, the Dickinson County Road Commission provides post-employment health care insurance benefits to specified retired employees and/or their spouse. The benefits are provided in accordance with Article 10, Section 1, of the union agreement, which includes the following provision:

"A retiree plan which excludes the Drug Rider will be provided to the retiree and his/her dependents for three (3) years following retirement. After three (3) years, the employer will pay towards the retiree's premium only, in the amount equivalent to the complimentary plan for five (5) years."

COUNTY OF DICKINSON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE K – POST-EMPLOYMENT BENEFITS (continued)

In accordance with the working agreement of salaried employees with the Dickinson County Road Commission, salaried employees upon retirement are entitled to the same plan that they had while employed, except for the Drug Rider, until death and spouse until age 70, with the total cost of the plan paid by the Road Commission.

The Road Commission's policy is to finance this benefit on a pay-as-you-go basis. The following is a summary of the post-employment health benefits:

<u>For the year ended December 31,</u>	<u>Annual Cost</u>	<u>Number of Retirees Receiving Benefis</u>
2004	\$ 110,423	12
2005	128,778	12
2006	145,655	13

Life Insurance

Salaried employees, upon retirement, are entitled to \$5,000 of life insurance with the premium paid by the Road Commission.

The Road Commission's policy is to finance this benefit on a pay-as-you-go basis. During 2006, 5 retirees were eligible for this benefit at a total cost of approximately \$240.

NOTE L – DESIGNATED/RESERVED FUND EQUITY

- A. Fund equity has been designated in the Public Improvement fund for specific capital projects in the net amount of (\$22,621).
- B. Fund equity has been designated in the County Library fund for compensated absences (\$15,093), building improvements (\$130,000), post-retirement benefits (\$116,756) and operating expenses (\$375,000).
- C. Fund equity has been reserved for the unspendable portion of fund equity in each permanent fund as follows: Fontana Terminal Trust - \$706,303; Fumee Lake Trust - \$206,659; Library Trust - \$101,573.
- D. Fund equity has been reserved in the Library fund in the amount of \$14,890 for the purchase of computers.

COUNTY OF DICKINSON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE M - CONTINGENT LIABILITIES

The County participates in a number of Federal and State assisted grant programs, principal of which are the Friend of Court and Prosecuting Attorney Cooperative Reimbursement programs, which are subject to financial and compliance audits. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts if any, to be immaterial.

NOTE N - RISK MANAGEMENT

County

The County of Dickinson participates as a member in the Michigan Municipal Risk Management Authority. The Authority is a municipal self-insurance entity operating pursuant to the State of Michigan Public Act 138 of 1982. The purpose of the Authority is to administer a risk management fund, which provides members with loss protection for general and auto liability, motor vehicle physical damage, and property.

The Authority has entered into reinsurance agreements providing for loss coverage in excess of the amounts to be retained by the Authority and individual members. An individual member's maximum retention on general liability and auto liability is \$75,000. The limits on auto physical damage are \$15,000 per unit and \$30,000 per occurrence. The retention limits for property coverage are subject to a \$1,000 deductible with 10 percent of the first \$100,000 to be paid by the member. Some members have individual retention levels different than the ones previously stated.

In the event a reinsurance company does not meet its obligation to the Authority, responsibility for payment of any unreimbursed claims will be that of the Authority Reinsurance Fund.

The Authority has retained certain levels of risk rather than obtaining coverage through reinsurance agreements. The Authority established the Authority Reinsurance Fund in order to participate in the reinsurance agreements. Individual members are provided the same level of coverage previously afforded through a combination of the reinsurance agreements and the Reinsurance Fund.

In addition, the Authority purchases insurance for certain risks not covered by the reinsurance agreements.

At December 31, 2006, the County had no outstanding claims which exceeded the plan's limits and there has been no significant reduction in insurance coverage over the past three years.

COUNTY OF DICKINSON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE N - RISK MANAGEMENT (continued)

County Road Commission

The Road Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Road Commission has purchased commercial insurance for medical benefits claims and participants in the Michigan County Road Commission Self-Insurance Pool for claims relating to general liability, excess liability, auto liability, trunkline liability, errors and omissions, physical damage (equipment, buildings and contents) and workers' compensation. Settled claims for the commercial insurance have not exceeded the amount of insurance coverage in any of the past 3 years.

The county road commissions in the State of Michigan established and created a trust fund, known as the Michigan County Road Commission Self-Insurance Pool (Pool) pursuant to the provisions of Public Act 138 of 1982. The Pool is to provide for joint and cooperative action relative to members' financial and administrative resources for the purpose of providing risk management services along with property and liability protection. Membership is restricted to road commissions and related road commission activities with the State. The Dickinson County Road Commission became a member of the Pool for liability and property coverage in 1991 and for workers' compensation coverage in 1993.

The Michigan County Road Commission Self-Insurance Pool program operates as a common risk-sharing management program for road commissions in Michigan, member premiums are used to purchase excess insurance coverage and to pay member claims in excess of deductible amounts.

NOTE O – CHARITY CARE – DICKINSON COUNTY HEALTHCARE SYSTEM

The Healthcare System maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy and equivalent service statistics. The amounts of charges foregone, based on established rates, were \$1,582,819 and \$1,174,837 for the years ended December 31, 2006 and 2005.

NOTE P – NET PATIENT SERVICE REVENUE – DICKINSON COUNTY HEALTHCARE SYSTEM

The Healthcare System has agreements with third-party payors that provide for payments to the Healthcare System at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare: Inpatient acute care and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per visit. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. The Healthcare System's Medicare cost reports have been settled by the Medicare fiscal intermediary through the year ended December 31, 2003. The Healthcare System's classification of patients under Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Healthcare System.

COUNTY OF DICKINSON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE P – NET PATIENT SERVICE REVENUE – DICKINSON COUNTY HEALTHCARE SYSTEM (continued)

Medicaid: Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary accordingly to a patient classification system that is based on clinical, diagnostic, and other factors. Defined capital costs are paid based on a cost reimbursement methodology for inpatient services. Outpatient services related to Medicaid program beneficiaries are reimbursed on a fee for service basis. The Healthcare System's Medicaid cost reports have been settled by the Medicaid fiscal intermediary through December 31, 1998.

Blue Cross: Inpatient and outpatient services rendered to Blue Cross subscribers are paid on a cost related methodology with final settlement determined after submission of annual cost reports by the Healthcare System and are subject to audits thereof by Blue Cross. The Healthcare System's Blue Cross cost reports have been settled by Blue Cross through December 31, 2005.

The Healthcare System has also entered into payment agreements with certain commercial insurance carriers and other organizations. The basis for payment to the Healthcare System under these agreements includes prospectively determined rates per discharge and discounts from established charges.

Laws and regulations governing Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

A summary of patient service revenue, contractual adjustments, and provision for bad debts for the years ended December 31, 2006 and 2005 are as follows:

	2006	2005
Gross patient service revenue	\$ 152,359,639	\$ 141,917,588
Less: Charity care	(1,582,819)	(1,174,837)
Total patient service revenue	150,776,820	140,742,751
Contractual adjustments		
Medicare	(41,675,599)	(38,141,960)
Medicaid	(10,203,711)	(8,959,222)
Blue Cross	(20,724,130)	(20,668,040)
Other	(8,186,587)	(7,136,112)
Provisions for bad debts	(3,864,841)	(3,437,405)
Total contractual adjustments and provisions for bad debts	(84,654,868)	(78,342,739)
Net patient service revenue	\$ 66,121,952	\$ 62,400,012

COUNTY OF DICKINSON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

NOTE Q – GENERAL AND PROFESSIONAL LIABILITY INSURANCE – DICKINSON COUNTY HEALTHCARE SYSTEM

The Healthcare System carries general and professional liability insurance the MHA Insurance Company. General and professional liability claims are insured on a claims-made policy covering claims in excess of \$50,000 per occurrence and \$150,000 in the aggregate.

The Healthcare System has exposure to deductibles for professional liability claims and a liability for such claims has been established based upon an actuarial determination of expected losses on an occurrence basis.

The Healthcare System's estimate of general and professional liability includes a provision for known claims and for unreported claims and incidents. The Healthcare System's liability for unreported and known claims and incidents has been recorded at the total of anticipated future payments, and is discounted at present value factor of 4% for 2006 and 2005. Amounts included as expense for general and professional liability for the years ended December 31, 2006 and 2005 was approximately \$617,000 and \$595,000. The reserve for loss on professional liability claims at December 31, 2006 and activity for the year then ended is as follows:

Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006
<u>\$ 890,000</u>	<u>\$ -</u>	<u>\$ (95,000)</u>	<u>\$ 795,000</u>

NOTE R – CONCENTRATIONS – DICKINSON COUNTY HEALTHCARE SYSTEM

The Healthcare System grants credit without collateral to its patients, most of who are insured under third-party payor agreements. The mix of receivables from third-party payors and patients at December 31, 2006 was as follows:

	2006
Medicare	34%
Blue Cross	17%
Medicaid	7%
Commercial insurance and other	23%
Self pay	19%
	<u>100%</u>

The Healthcare System is subject to collectively bargaining agreements for approximately 64% of its labor force. These agreements are negotiated on a tri-annual basis. The agreement for the Michigan Nurses Association will expire in May 2008. The agreement for the American Federation of State, County, and Municipal Employees (AFSCME) will expire in December of 2009.

COUNTY OF DICKINSON, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2006

**NOTE S – FORWARD PURCHASE CONTRACT/DEFERRED GAIN – DICKINSON COUNTY
HEALTHCARE SYSTEM**

A forward purchase contract was entered into in 1999 by the Healthcare System relating to certain trustee held funds associated with the Series 1999 bonds. The contract provides a fixed rate of return of 5.775% on the Debt Service Fund and the Reserve Fund investments.

The contract has a maturity date of November 2024, a notional value of \$2,848,000 as of December 31, 2006, and an estimated fair value of \$280,000 at December 31, 2006.

Upon inception of the agreement, the Healthcare System received a premium of \$220,000 from the counter party, which is being amortized over the life of the debt, and is recorded as a deferred gain.

The Healthcare System believes its credit risk is minimal on the transaction.

NOTE T – SINGLE AUDIT

OMB Circular A-133 requires entities that expend more than \$500,000 in federal awards to have a single audit as outlined in the OMB Circular. For the year ended December 31, 2006, Dickinson County did not expend more than \$500,000 in federal awards and therefore a single audit was not required in 2006.

NOTE U – RESTRICTED NET ASSETS

Total net assets which is restricted by enabling legislation amounted to \$3,436,736 for governmental activities.

REQUIRED SUPPLEMENTAL INFORMATION

COUNTY OF DICKINSON, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts, (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 4,887,246	\$ 4,887,246	\$ 5,059,334	\$ 172,088
License and permits	16,440	16,440	17,516	1,076
Federal sources	248,592	248,592	255,363	6,771
State sources	630,454	630,454	626,732	(3,722)
Charges for services	1,178,022	1,178,022	1,328,742	150,720
Interest and rentals	85,000	85,000	121,871	36,871
Other	302,050	302,050	282,993	(19,057)
Total revenues	7,347,804	7,347,804	7,692,551	344,747
EXPENDITURES:				
Legislative:				
Board of commissioners	90,400	88,900	84,800	4,100
Judicial system:				
Circuit court	165,472	165,472	174,973	(9,501)
41st Circuit court	124,055	124,055	122,244	1,811
District court	365,139	365,139	358,205	6,934
Friend of court	9,576	9,576	9,576	-
Jury board	9,500	7,836	7,836	-
Probate court	346,957	351,957	350,116	1,841
Cooperative reimbursement	96,980	97,957	97,579	378
General government:				
Elections	37,100	17,100	22,576	(5,476)
Clerk	177,691	177,691	176,050	1,641
Controller/Administrator	115,582	112,987	111,766	1,221
Equalization	116,005	118,600	118,745	(145)
Prosecuting attorney	316,927	336,427	335,909	518
Register of deeds	67,510	67,510	66,850	660
Treasurer	138,980	138,980	135,884	3,096
Cooperative extension	132,961	132,961	126,418	6,543
Courthouse and grounds	278,068	273,068	259,437	13,631
Drain commissioner	9,758	9,758	9,523	235
Photocopy and data processing	77,100	77,100	73,092	4,008
Plat board	200	-	-	-
Microfilm and postage	30,980	30,980	26,509	4,471
Public safety:				
Sheriff	1,201,497	1,201,497	1,166,814	34,683
Marine patrol	15,992	14,492	15,026	(534)
Secondary road patrol	73,760	73,760	73,967	(207)
ORV	15,810	18,439	19,895	(1,456)
Snowmobile patrol	16,425	16,425	13,313	3,112
Jail	278,986	278,986	264,791	14,195
Mine inspector	11,007	11,007	8,346	2,661
Animal control	52,667	52,667	51,164	1,503

COUNTY OF DICKINSON, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts, (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive (Negative)
	Original	Final		
Health and welfare:				
Mental health authority	94,630	94,630	94,630	-
T.B. Care	100	100	-	100
Substance abuse	22,958	24,770	24,770	-
Medical examiner	20,500	20,500	18,106	2,394
TRICO workshop	4,500	4,500	-	4,500
Probate social services	12,500	12,500	10,337	2,163
Soldiers burials	11,500	11,500	9,595	1,905
Soldiers and sailors relief	250	250	202	48
CUPPAD & other planning	11,550	11,550	11,305	245
UPCAP	1,000	1,000	1,000	-
Health department	11,386	11,453	11,453	-
Humane society	30,000	30,000	30,000	-
Project divert	5,250	5,250	5,250	-
Economic development	5,000	5,000	5,000	-
Recreation and culture:				
Menghini historical museum	1,000	1,000	1,000	-
Menominee range historical foundation	2,500	2,500	2,500	-
Area band & other	4,500	4,500	4,500	-
Capital outlay	71,637	86,637	84,112	2,525
Other :				
County properties road maintenance	35,500	35,500	26,002	9,498
Contingency	50,000	-	-	-
Insurance and bonds	223,713	218,864	218,665	199
Employee benefits	1,825,680	1,791,383	1,763,083	28,300
Tax tribunal orders and charge-backs	2,500	1,088	588	500
FIA	1,500	1,500	1,500	-
 Total expenditures	 6,822,739	 6,747,302	 6,605,002	 142,300
 Excess revenues (expenditures)	 525,065	 600,502	 1,087,549	 487,047
 OTHER FINANCING SOURCES (USES)				
Transfer in	591,704	591,704	616,476	24,772
Transfer out	(1,116,769)	(2,178,153)	(2,178,153)	-
 Total other financing sources (uses)	 (525,065)	 (1,586,449)	 (1,561,677)	 24,772
 Net changes in fund balances	 -	 (985,947)	 (474,128)	 511,819
 Fund balances - beginning	 1,487,158	 1,487,158	 1,487,158	 -
 Fund balances - ending	 \$ 1,487,158	 \$ 501,211	 \$ 1,013,030	 \$ 511,819

COUNTY OF DICKINSON, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
REVENUE SHARING RESERVE
For the Year Ended December 31, 2006

	Budgeted Amounts Original	Final	Actual Amounts, (Budgetary Basis) (See Note A)	Variance with Final Budget- Positive (Negative)
REVENUES:				
Taxes	\$ 1,490,831	\$ 1,490,831	\$ 1,490,831	\$ -
Interest and rentals	45,000	45,000	68,307	23,307
Total revenues	1,535,831	1,535,831	1,559,138	23,307
EXPENDITURES	-	-	-	-
Excess revenues (expenditures)	1,535,831	1,535,831	1,559,138	23,307
OTHER FINANCING SOURCES (USES):				
Transfer out	(491,704)	(491,704)	(492,180)	476
Net changes in fund balances	1,044,127	1,044,127	1,066,958	23,783
Fund balances - beginning	2,222,097	2,222,097	2,222,097	-
Fund balances - ending	\$ 3,266,224	\$ 3,266,224	\$ 3,289,055	\$ 23,783

COUNTY OF DICKINSON, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
RETIREE'S MEDICAL RESERVE
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget-
	Original	Final	(See Note A)	Positive (Negative)
REVENUES:				
Interest and rentals	\$ 60,000	\$ 60,000	\$ 77,166	\$ 17,166
EXPENDITURES:				
Other	-	-	-	-
Excess revenues (expenditures)	60,000	60,000	77,166	17,166
Fund balances - beginning	1,640,046	1,640,046	1,640,046	-
Fund balances - ending	\$ 1,700,046	\$ 1,700,046	\$ 1,717,212	\$ 17,166

COUNTY OF DICKINSON, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SENIOR CITIZENS TAX
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget-
	Original	Final	(See Note A)	Positive (Negative)
REVENUES:				
Taxes	\$ 298,561	\$ 298,561	\$ 300,506	\$ 1,945
EXPENDITURES:				
Other	293,200	293,200	292,735	465
Excess revenues (expenditures)	5,361	5,361	7,771	2,410
Fund balances - beginning	1,016	1,016	1,016	-
Fund balances - ending	\$ 6,377	\$ 6,377	\$ 8,787	\$ 2,410

COUNTY OF DICKINSON, MICHIGAN
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COUNTY LIBRARY
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget-
	Original	Final	(See Note A)	Positive (Negative)
REVENUES:				
Taxes	\$ 673,700	\$ 676,450	\$ 676,487	\$ 37
State sources	26,900	23,200	23,338	138
Local sources	164,400	285,000	290,572	5,572
Charges for services	14,000	12,150	12,646	496
Interest and rentals	35,000	34,400	38,764	4,364
Other	8,000	9,000	10,423	1,423
Total revenue	922,000	1,040,200	1,052,230	12,030
EXPENDITURES:				
Recreation and culture	925,000	1,040,500	879,483	161,017
Excess revenues (expenditures)	(3,000)	(300)	172,747	173,047
OTHER FINANCING SOURCES (USES):				
Transfer in	3,000	300	387	87
Net changes in fund balances	-	-	173,134	173,134
Fund balances - beginning	636,107	636,107	636,107	-
Fund balances - ending	\$ 636,107	\$ 636,107	\$ 809,241	\$ 173,134

OTHER SUPPLEMENTAL INFORMATION

COMBINING FUND FINANCIAL STATEMENTS

COUNTY OF DICKINSON, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2006

	Special Revenue Funds			
	County Parks	Community Service	Friend of Court	Health Department Tax Levy
ASSETS				
Cash and equivalents:				
Unrestricted	\$ 53,836	\$ 24,265	\$ 9,716	\$ 904
Investments	-	-	-	-
Receivables:				
Accounts	-	11,834	-	-
Taxes	-	-	-	153,245
Due from other funds	-	-	-	-
Due from State of Michigan	-	-	-	-
Total assets	<u>\$ 53,836</u>	<u>\$ 36,099</u>	<u>\$ 9,716</u>	<u>\$ 154,149</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 22,594	\$ -	\$ -
Due to other funds	-	-	-	-
Accrued payroll	1,043	6,142	677	-
Deferred revenue	-	-	-	153,245
Total liabilities	<u>1,043</u>	<u>28,736</u>	<u>677</u>	<u>153,245</u>
Fund balances:				
Reserved	-	-	-	-
Unreserved:				
Designated	-	-	-	-
Undesignated	52,793	7,363	9,039	904
Total fund balances	<u>52,793</u>	<u>7,363</u>	<u>9,039</u>	<u>904</u>
Total liabilities and fund balances	<u>\$ 53,836</u>	<u>\$ 36,099</u>	<u>\$ 9,716</u>	<u>\$ 154,149</u>

See accompanying notes to financial statements.

Special Revenue Funds

Separation Pay	Construction Code	Airport PFC	Public Improvement	County Fair	Homestead Property Exemption	R.O.D. Automation
\$ -	\$ 95,475	\$ 34,482	\$ 67,379	\$ 41,189	\$ 463	\$ 39,732
-	64,367	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 159,842</u>	<u>\$ 34,482</u>	<u>\$ 67,379</u>	<u>\$ 41,189</u>	<u>\$ 463</u>	<u>\$ 39,732</u>
\$ -	\$ 2,894	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	90,000	-	-	-
-	2,746	-	-	-	-	-
-	-	-	-	-	-	-
-	5,640	-	90,000	-	-	-
-	-	-	-	-	-	-
-	-	-	(22,621)	-	-	-
-	154,202	34,482	-	41,189	463	39,732
-	154,202	34,482	(22,621)	41,189	463	39,732
<u>\$ -</u>	<u>\$ 159,842</u>	<u>\$ 34,482</u>	<u>\$ 67,379</u>	<u>\$ 41,189</u>	<u>\$ 463</u>	<u>\$ 39,732</u>

**COUNTY OF DICKINSON, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2006**

	Special Revenue Funds			
	Civil Defense	Enhanced 911	Local Correction Officer Training	Drug Law Enforcement
ASSETS				
Cash and equivalents:				
Unrestricted	\$ (14,876)	\$ (18,755)	\$ 8,159	\$ 3,462
Investments	-	-	-	-
Receivables:				
Accounts	-	10,140	-	-
Taxes	-	-	-	-
Due from other funds	-	-	-	-
Due from State of Michigan	3,202	28,505	-	-
	<u>3,202</u>	<u>28,505</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ (11,674)</u>	<u>\$ 19,890</u>	<u>\$ 8,159</u>	<u>\$ 3,462</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Accrued payroll	380	7,719	-	-
Deferred revenue	-	-	-	-
	<u>380</u>	<u>7,719</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>380</u>	<u>7,719</u>	<u>-</u>	<u>-</u>
Fund balances:				
Reserved	-	-	-	-
Unreserved:				
Designated	-	-	-	-
Undesignated	(12,054)	12,171	8,159	3,462
	<u>(12,054)</u>	<u>12,171</u>	<u>8,159</u>	<u>3,462</u>
Total fund balances	<u>(12,054)</u>	<u>12,171</u>	<u>8,159</u>	<u>3,462</u>
Total liabilities and fund balances	<u>\$ (11,674)</u>	<u>\$ 19,890</u>	<u>\$ 8,159</u>	<u>\$ 3,462</u>

See accompanying notes to financial statements.

Special Revenue Funds

<u>Drug Law Enforcement - Sheriff</u>	<u>Special Investigative</u>	<u>Law Library</u>	<u>CDBG Housing</u>	<u>Probation Enhancement</u>	<u>Veterans Tax</u>	<u>County Remonu- mentation</u>
\$ 3,341	\$ 2,888	\$ (2,905)	\$ -	\$ 19,517	\$ 38	\$ (41,582)
-	-	-	-	-	-	-
-	-	-	-	14,093	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	16,609	-	-	41,263
<u>\$ 3,341</u>	<u>\$ 2,888</u>	<u>\$ (2,905)</u>	<u>\$ 16,609</u>	<u>\$ 33,610</u>	<u>\$ 38</u>	<u>\$ (319)</u>
\$ -	\$ -	\$ -	\$ 16,609	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	14,093	-	-
-	-	-	16,609	14,093	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,341	2,888	(2,905)	-	19,517	38	(319)
3,341	2,888	(2,905)	-	19,517	38	(319)
<u>\$ 3,341</u>	<u>\$ 2,888</u>	<u>\$ (2,905)</u>	<u>\$ 16,609</u>	<u>\$ 33,610</u>	<u>\$ 38</u>	<u>\$ (319)</u>

COUNTY OF DICKINSON, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2006

	Special Revenue			
	D.A.R.E. Program	School Liaison	Child Care	Soldiers and Sailors Relief
ASSETS				
Cash and equivalents:				
Unrestricted	\$ 13,733	\$ -	\$ 210,886	\$ 1,401
Investments	-	-	-	-
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Due from other funds	-	-	-	-
Due from State of Michigan	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 13,733</u>	<u>\$ -</u>	<u>\$ 210,886</u>	<u>\$ 1,401</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Accrued payroll	-	-	1,042	-
Deferred revenue	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>1,042</u>	<u>-</u>
Fund balances:				
Reserved	-	-	-	-
Unreserved:				
Designated	-	-	-	-
Undesignated	13,733	-	209,844	1,401
	<u>13,733</u>	<u>-</u>	<u>209,844</u>	<u>1,401</u>
Total fund balances	<u>13,733</u>	<u>-</u>	<u>209,844</u>	<u>1,401</u>
Total liabilities and fund balances	<u>\$ 13,733</u>	<u>\$ -</u>	<u>\$ 210,886</u>	<u>\$ 1,401</u>

See accompanying notes to financial statements.

Special Revenue						Debt Service
Veterans Trust	County Airport	Family Counseling	Criminal Justice Training	Alcohol Assessment	Jail Commissary	County Fair Debt
\$ 354	\$ 17,568	\$ 18,784	\$ 5,533	\$ 26,686	\$ 4,780	\$ 1
-	-	-	-	-	-	-
-	58,226	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 354</u>	<u>\$ 75,794</u>	<u>\$ 18,784</u>	<u>\$ 5,533</u>	<u>\$ 26,686</u>	<u>\$ 4,780</u>	<u>\$ 1</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	3,413	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>3,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>354</u>	<u>72,381</u>	<u>18,784</u>	<u>5,533</u>	<u>26,686</u>	<u>4,780</u>	<u>1</u>
<u>354</u>	<u>72,381</u>	<u>18,784</u>	<u>5,533</u>	<u>26,686</u>	<u>4,780</u>	<u>1</u>
<u>\$ 354</u>	<u>\$ 75,794</u>	<u>\$ 18,784</u>	<u>\$ 5,533</u>	<u>\$ 26,686</u>	<u>\$ 4,780</u>	<u>\$ 1</u>

COUNTY OF DICKINSON, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2006

	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	
	<u>Correction Complex Debt</u>	<u>County Fair Project</u>	<u>Fontana Terminal Trust</u>	<u>Fumee Lake Trust</u>
ASSETS				
Cash and equivalents:				
Unrestricted	\$ 111,502	\$ 5,751	\$ 156,003	\$ 214,172
Investments	-	-	500,372	-
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Due from other funds	-	-	90,000	-
Due from State of Michigan	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 111,502</u>	<u>\$ 5,751</u>	<u>\$ 746,375</u>	<u>\$ 214,172</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Accrued payroll	-	-	-	-
Deferred revenue	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Reserved	-	-	706,303	206,659
Unreserved:				
Designated	-	-	-	-
Undesignated	111,502	5,751	40,072	7,513
	<u>111,502</u>	<u>5,751</u>	<u>40,072</u>	<u>7,513</u>
Total fund balances	<u>111,502</u>	<u>5,751</u>	<u>746,375</u>	<u>214,172</u>
Total liabilities and fund balances	<u>\$ 111,502</u>	<u>\$ 5,751</u>	<u>\$ 746,375</u>	<u>\$ 214,172</u>

See accompanying notes to financial statements.

<u>Permanent Fund</u>	
Library Trust	Total Nonmajor Governmental Funds
\$ 123,960	\$ 1,237,842
-	564,739
-	94,293
-	153,245
-	90,000
-	89,579
<u>\$ 123,960</u>	<u>\$ 2,229,698</u>
\$ -	42,097
-	90,000
-	23,162
-	167,338
<u>-</u>	<u>322,597</u>
101,573	1,014,535
-	(22,621)
<u>22,387</u>	<u>915,187</u>
<u>123,960</u>	<u>1,907,101</u>
<u>\$ 123,960</u>	<u>\$ 2,229,698</u>

COUNTY OF DICKINSON, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended December 31, 2006

	Special Revenue Funds			
	County Parks	Community Service	Friend of Court	Health Department Tax Levy
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ 149,354
License and permits	-	-	-	-
Federal sources	-	-	-	-
State sources	-	-	-	-
Local sources	-	-	-	-
Charges for services	106,086	131,726	10,220	-
Interest and rentals	2,301	115,318	-	-
Other	20,315	2,153	-	-
Total revenues	128,702	249,197	10,220	149,354
EXPENDITURES:				
Judicial system	-	-	77,417	-
General government	-	-	-	-
Public safety	-	-	-	-
Health and welfare	-	-	-	148,450
Recreation and culture	216,790	364,046	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total expenditures	216,790	364,046	77,417	148,450
Excess revenues (expenditures)	(88,088)	(114,849)	(67,197)	904
OTHER FINANCING SOURCES (USES):				
Transfer in	114,578	89,939	65,000	-
Transfer out	-	-	-	-
Total other financing sources (uses)	114,578	89,939	65,000	-
Net changes in fund balance	26,490	(24,910)	(2,197)	904
Fund balances - beginning	26,303	32,273	11,236	-
Fund balances - ending	\$ 52,793	\$ 7,363	\$ 9,039	\$ 904

See accompanying notes to financial statements.

Special Revenue Funds

Separation Pay	Construction Code	Airport PFC	Public Improvement	County Fair	Homestead Property Exemption	R.O.D. Automation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	198,607	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	38,641	-	-
-	-	-	18,181	-	-	-
-	-	-	-	193,598	-	29,660
-	7,669	1,230	-	17,682	-	1,446
-	1,516	-	-	18,490	-	-
-	207,792	1,230	18,181	268,411	-	31,106
-	-	-	-	-	-	-
3,430	-	-	-	-	-	30,795
-	-	-	-	-	-	-
-	228,199	-	-	-	-	-
-	-	-	-	234,811	-	-
-	2,104	-	212,609	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,430	230,303	-	212,609	234,811	-	30,795
(3,430)	(22,511)	1,230	(194,428)	33,600	-	311
390	-	-	33,820	15,223	-	-
-	-	-	-	(21,816)	-	(1,600)
390	-	-	33,820	(6,593)	-	(1,600)
(3,040)	(22,511)	1,230	(160,608)	27,007	-	(1,289)
3,040	176,713	33,252	137,987	14,182	463	41,021
\$ -	\$ 154,202	\$ 34,482	\$ (22,621)	\$ 41,189	\$ 463	\$ 39,732

COUNTY OF DICKINSON, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended December 31, 2006

	Special Revenue Funds			
	Civil Defense	Enhanced 911	Local Correction Officer Training	Drug Law Enforcement
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
License and permits	-	-	-	-
Federal sources	32,720	-	-	-
State sources	-	120,593	-	-
Local sources	-	-	-	-
Charges for services	-	124,483	11,510	-
Interest and rentals	-	-	-	-
Other	44	-	-	-
Total revenues	32,764	245,076	11,510	-
EXPENDITURES:				
Judicial system	-	-	-	-
General government	-	-	-	-
Public safety	50,728	387,705	14,930	258
Health and welfare	-	-	-	-
Recreation and culture	-	-	-	-
Capital outlay	25,782	13,565	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total expenditures	76,510	401,270	14,930	258
Excess revenues (expenditures)	(43,746)	(156,194)	(3,420)	(258)
OTHER FINANCING SOURCES (USES):				
Transfer in	44,922	154,174	-	-
Transfer out	-	-	-	-
Total other financing sources (uses)	44,922	154,174	-	-
Net changes in fund balance	1,176	(2,020)	(3,420)	(258)
Fund balances - beginning	(13,230)	14,191	11,579	3,720
Fund balances - ending	\$ (12,054)	\$ 12,171	\$ 8,159	\$ 3,462

See accompanying notes to financial statements.

Special Revenue Funds

Drug Law Enforcement - Sheriff	Special Investigative	Law Library	CDBG Housing	Probation Enhancement	Veterans Tax	County Remonu- mentation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	113,371	-	-	-
-	-	-	-	-	-	68,799
-	-	-	-	-	-	-
-	-	-	-	3,025	-	-
-	-	-	-	-	516	-
-	-	12,518	-	3,511	-	-
-	-	12,518	113,371	6,536	516	68,799
-	-	38,802	-	4,315	-	-
-	-	-	-	-	-	68,820
-	-	-	-	-	-	-
-	-	-	113,371	-	74,358	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	38,802	113,371	4,315	74,358	68,820
-	-	(26,284)	-	2,221	(73,842)	(21)
-	-	18,500	-	-	69,400	-
-	-	-	-	-	-	-
-	-	18,500	-	-	69,400	-
-	-	(7,784)	-	2,221	(4,442)	(21)
3,341	2,888	4,879	-	17,296	4,480	(298)
\$ 3,341	\$ 2,888	\$ (2,905)	\$ -	\$ 19,517	\$ 38	\$ (319)

COUNTY OF DICKINSON, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended December 31, 2006

	Special Revenue Funds			
	D.A.R.E. Program	School Liaison	Child Care	Soldiers and Sailors Relief
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
License and permits	-	-	-	-
Federal sources	-	-	-	-
State sources	-	-	15,142	-
Local sources	22,776	-	15,382	-
Charges for services	-	-	5,684	-
Interest and rentals	-	-	-	-
Other	1,525	-	11,058	-
Total revenues	24,301	-	47,266	-
EXPENDITURES:				
Judicial system	-	-	272,520	-
General government	-	-	-	-
Public safety	17,982	4,604	-	-
Health and welfare	-	-	-	-
Recreation and culture	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Other	-	-	-	-
Total expenditures	17,982	4,604	272,520	-
Excess revenues (expenditures)	6,319	(4,604)	(225,254)	-
OTHER FINANCING SOURCES (USES):				
Transfer in	-	-	325,000	-
Transfer out	-	-	-	-
Total other financing sources (uses)	-	-	325,000	-
Net changes in fund balance	6,319	(4,604)	99,746	-
Fund balances - beginning	7,414	4,604	110,098	1,401
Fund balances - ending	\$ 13,733	\$ -	\$ 209,844	\$ 1,401

See accompanying notes to financial statements.

Special Revenue Funds						Debt Service
Veterans Trust	County Airport	Family Counseling	Criminal Justice Training	Alcohol Assessment	Jail Commissary	County Fair Debt
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,588	33,838	-	4,515	-	-	-
-	-	-	-	-	-	-
-	84,085	3,500	-	5,961	46,556	-
-	149,812	-	-	-	-	-
-	31,183	-	153	-	-	-
1,588	298,918	3,500	4,668	5,961	46,556	-
-	-	-	-	-	-	-
-	403,623	-	-	-	-	-
-	-	-	3,501	-	46,473	-
2,339	-	550	-	9,922	-	-
-	-	-	-	-	-	-
-	6,520	-	-	-	-	-
-	-	-	-	-	-	16,000
-	-	-	-	-	-	5,816
-	-	-	-	-	-	-
2,339	410,143	550	3,501	9,922	46,473	21,816
(751)	(111,225)	2,950	1,167	(3,961)	83	(21,816)
-	120,500	-	-	8,033	-	21,816
-	(18,820)	-	-	-	-	-
-	101,680	-	-	8,033	-	21,816
(751)	(9,545)	2,950	1,167	4,072	83	-
1,105	81,926	15,834	4,366	22,614	4,697	1
\$ 354	\$ 72,381	\$ 18,784	\$ 5,533	\$ 26,686	\$ 4,780	\$ 1

COUNTY OF DICKINSON, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the year ended December 31, 2006

	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	
	<u>Correction Complex Debt</u>	<u>County Fair Project</u>	<u>Fontana Terminal Trust</u>	<u>Fumee Lake Trust</u>
REVENUES:				
Taxes	\$ -	\$ -	\$ -	\$ -
License and permits	-	-	-	-
Federal sources	-	-	-	-
State sources	-	-	-	-
Local sources	-	-	-	-
Charges for services	-	-	-	-
Interest and rentals	1,415	261	32,990	8,451
Other	320	-	-	308
	<u>1,735</u>	<u>261</u>	<u>32,990</u>	<u>8,759</u>
Total revenues				
	<u>1,735</u>	<u>261</u>	<u>32,990</u>	<u>8,759</u>
EXPENDITURES:				
Judicial system	-	-	-	-
General government	-	-	16,363	-
Public safety	-	-	-	-
Health and welfare	-	-	-	-
Recreation and culture	-	-	-	10,273
Capital outlay	-	2,545	-	-
Debt service:				
Principal	100,000	-	-	-
Interest	6,013	-	-	-
Other	-	-	-	-
	<u>106,013</u>	<u>2,545</u>	<u>16,363</u>	<u>10,273</u>
Total expenditures				
	<u>106,013</u>	<u>2,545</u>	<u>16,363</u>	<u>10,273</u>
Excess revenues (expenditures)	<u>(104,278)</u>	<u>(2,284)</u>	<u>16,627</u>	<u>(1,514)</u>
OTHER FINANCING SOURCES (USES):				
Transfer in	202,494	-	-	-
Transfer out	-	-	(15,000)	-
	<u>202,494</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>
Total other financing sources (uses)				
	<u>202,494</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>
Net changes in fund balance	98,216	(2,284)	1,627	(1,514)
Fund balances - beginning	<u>13,286</u>	<u>8,035</u>	<u>744,748</u>	<u>215,686</u>
Fund balances - ending	<u>\$ 111,502</u>	<u>\$ 5,751</u>	<u>\$ 746,375</u>	<u>\$ 214,172</u>

See accompanying notes to financial statements.

<u>Permanent Fund</u>			
Library Trust		Total Nonmajor Governmental Funds	
\$	-	\$	149,354
	-		198,607
	-		146,091
	-		283,116
	-		56,339
	-		756,094
	3,728		342,819
	11,100		114,194
	14,828		2,046,614
	-		393,054
	-		523,031
	-		526,181
	-		577,189
			825,920
	-		263,125
	-		116,000
	-		11,829
	-		-
	-		3,236,329
	14,828		(1,189,715)
	-		1,283,789
	(387)		(57,623)
	(387)		1,226,166
	14,441		36,451
	109,519		1,870,650
\$	123,960	\$	1,907,101

COUNTY OF DICKINSON, MICHIGAN
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
December 31, 2006

	General Trust and Agency	Library Penal Fines	District Court Trust	Friend of Court Agency
ASSETS				
Cash and cash equivalents:				
Unrestricted	\$ 640,077	\$ 16,152	\$ 52,149	\$ -
LIABILITIES				
Due to other funds	\$ 75,273	\$ -	\$ -	\$ -
Due to other units governmental units	63,396	-	-	-
Undistributed taxes	442,778	-	-	-
Other liabilities	58,630	16,152	52,149	-
Total liabilities	\$ 640,077	\$ 16,152	\$ 52,149	\$ -

See accompanying notes to financial statements.

Sheriff		Totals	
Inmate Trust			
<u>\$ 5,208</u>		<u>\$ 713,586</u>	
\$ -		\$ 75,273	
-		63,396	
-		442,778	
<u>5,208</u>		<u>132,139</u>	
<u>\$ 5,208</u>		<u>\$ 713,586</u>	



ANDERSON, TACKMAN & COMPANY, PLC

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES IN MICHIGAN AND WISCONSIN

Kristine P. Berhow, CPA, Principal
Alan M. Stotz, CPA, Principal
Raymond B. LaMarche, CPA, Principal
Erkki M. Peippo, CPA, PC, Principal

Kevin C. Pascoe, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Members of the Board of Commissioners
County of Dickinson
Iron Mountain, MI 49801

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dickinson County, Michigan, as of and for the year ended December 31, 2006, which collectively comprise the County of Dickinson, Michigan's basic financial statements and have issued our report thereon dated July 9, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County of Dickinson, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Dickinson, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County of Dickinson, Michigan's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County of Dickinson, Michigan's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County of Dickinson, Michigan's financial statements that is more than inconsequential will not be prevented or detected by the County of Dickinson, Michigan's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County of Dickinson, Michigan's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Dickinson, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County of Dickinson, Michigan, in a separate letter dated July 9, 2007.

This report is intended solely for the information and use of management, the County Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Anderson, Tackman & Company, PLC
Certified Public Accountants

July 9, 2007

COUNTY OF DICKINSON, MICHIGAN

REPORT TO MANAGEMENT

Year Ended December 31, 2006



ANDERSON, TACKMAN & COMPANY, PLC

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES IN MICHIGAN AND WISCONSIN

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REPORT TO MANAGEMENT

Members of the Board of Commissioners
County of Dickinson, Michigan

We have audited the financial statements of the County of Dickinson, Michigan for the year ended December 31, 2006, and have issued our reports thereon dated July 9, 2007. Our professional standards require that we make several communications to you, the purpose of which is to assist you with additional information regarding the scope and results of the audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the County of Dickinson, Michigan. Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for safeguarding assets and for maintaining the structure of the internal control system to help assure the proper recording of transactions. Our consideration of the system of internal control was solely for the purpose of determining our auditing procedures and not to provide any assurance concerning such internal control structure.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the County of Dickinson's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management has the responsibility for selection of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by the County of Dickinson, Michigan are described in Note A of the financial statements.

We noted no transactions entered into by the County of Dickinson, Michigan during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Management Judgments and Accounting Estimates

Some accounting estimates are utilized in financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Our conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the estimates. The most sensitive estimates affecting the financial statements were the useful lives of property and equipment for the purpose of calculating depreciation.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Our audit adjustments, individually and in the aggregate, do not have a significant effect on the financial reporting process.

Disagreement with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether significant or not resolved to our satisfaction concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about accounting and auditing matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the financial statements of the County of Dickinson, Michigan or a determination of the type auditor's opinion to be expressed on those statements, our professional standards require the consulting accountant to advise us as to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the County of Dickinson's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in the performance of our audit.

In planning and performing our audit of the financial statements of the County of Dickinson, Michigan, for the year ended December 31, 2006, we considered the County of Dickinson, Michigan's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and recommendations regarding those matters. This letter does not affect our report dated July 9, 2007, on the financial statements of the County of Dickinson, Michigan.

We have already discussed many of these comments and suggestions with various County personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This information is intended solely for the use of members of the County Board, management of Dickinson County and federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company P.C.

Anderson, Tackman & Company, PLC
Certified Public Accountants

July 9, 2007

COMMENTS AND RECOMMENDATIONS

December 31, 2006

Sheriff Inmate Trust

Comment:

The inmate trust bank account is not being reconciled with the inmate payable accounts.

Recommendation:

Each month a reconciliation should be performed between the bank statement balance and the amount due to the inmates.

Management Response:

There is a great deal of fluctuation in the inmate trust account and the bank statements have only been partially reconciled. Responsibility for the reconciliation of this account has now been turned over to the full time accounts payable/payroll clerk who will work with the jail administrator to reconcile this account monthly.

Recording Delinquent Personal Property Taxes

Comment:

Currently the County is not recording the amount of outstanding delinquent personal property taxes that are due to the County from other taxing units, in the general ledger.

Recommendation:

The County should record the amount of outstanding delinquent personal property taxes in the general ledger of each fund that has a tax levy. The County should maintain subsidiary ledgers which show the amount of delinquent personal property taxes owed by each taxing unit by individual tax year.

Management Response:

This information, while available, is not currently in a format that can be recorded in the general ledger. At this time, the amount that would be recorded in the general ledger is not deemed material enough to justify the investment in additional software and the amount of time necessary to manually breakout the county portion of the outstanding delinquent personal property taxes and record it for each taxing unit.

COUNTY OF DICKINSON, MICHIGAN

COMMENTS AND RECOMMENDATIONS

December 31, 2006

Budget Non-Compliance

Comment:

Public Act 621 of 1978, as amended, requires the adoption of a balanced budget for the General Fund and Special Revenue Funds as well as budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget. Expenditures were in excess of appropriations in the following funds:

	<u>Total Appropriation</u>	<u>Expenditures</u>	<u>Budget Variance</u>
Revenue Sharing Reserve	\$ 491,704	\$ 492,180	\$ (476)
Friend of Court	77,298	77,417	(119)
Enhanced 911	400,000	401,270	(1,270)
Jail Commissary	40,000	46,473	(6,473)

Deficit fund balances existed in the unreserved fund balance of the Public Improvement, Civil Defense, Law Library, and the County Remonumentation Fund of \$22,621, \$12,054, \$2,905 and \$319, respectively.

Recommendation:

We recommend that budgets be amended as necessary to prevent expenditures from exceeding appropriations. The County is also required to file a deficit elimination plan with the Michigan Department of Treasury.

Management Response:

Budgets are amended during the year to more accurately reflect revenues and expenditures. A greater effort will be made to refine year-end revenue and expenditure projections so that expenditures do not exceed authorized spending at year end.

COUNTY OF DICKINSON, MICHIGAN

COMMENTS AND RECOMMENDATIONS

December 31, 2006

Fair Board Expenditure Approval

Comment:

We noted Fair Board approval of disbursements for the County Fair operations were vague.

Recommendation:

We recommend the Fair Board specifically identify which expenditures are being approved in order to enhance the internal controls over disbursements of County Fair funds.

Management Response:

All invoices being approved by the Fair Board are available to Board members prior to and during the meeting. The Secretary will henceforth include the total amount of expenditures for each month in the monthly minutes.

COUNTY OF DICKINSON, MICHIGAN

COMMENTS AND RECOMMENDATIONS

December 31, 2006

GASB Statement 45 – Accounting and Financial Reporting By Employers for Post-Employment Benefits Other Than Pensions

Comment:

In June 2004, the GASB issued Statement 45, which establishes standards for the measurement, recognition, and display of other post-employment benefits (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the financial reports of state and local governmental employers. OPEB includes post-employment healthcare as well as other post-employment benefits such as life insurance.

The Statement is being implemented in three phases, with the County of Dickinson being required to implement the Statement for the year ended December 31, 2009. GASB Statement 45 is going to impact the future accounting of post-employment health insurance costs as it relates to the amount the County will be required to pay for these benefits. Beginning in 2009, the County will be required by governmental generally accepted accounting principles to pay the current cost of providing those benefits as well as an amount needed to fund a portion of the unfunded liability relating to the post-employment health benefit. The unfunded liability will be required to be actuarially determined and will be amortized over a period likely not to exceed thirty years. The methods used as part of Statement 45 are similar to those currently used to determine required contribution rates for defined benefit pension plans.

The County Board of Commissioners as well as County Management should begin to consider the impact of GASB Statement 45 prior to the required implementation date.